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BOARD OF FINANCE MONDAY, MAY 11, 2011

MINUTES

Present: Mayor Kiss, President Keogh, Councilor Paul, Councilor Mulvaney-Stanak, Councilor Wright;

Also Present: CAO Leopold, ACAO Schrader, ACAO Goodwin, Councilor Bushor, Gary Evans, HBC; Steven Barraclough, Dorman and Fawcett; Amber Thibeault, Burlington Telecom; Mike Flora, Burlington Telecom; Ann Barton, Mary Malloy, HBC; Steve Goodkind, Public Works Director, Norm Baldwin, Deputy Public Works Director, Carol Weston, Larry Kupferman, CEDO Director, Marina Collins, Retirement.

1. Agenda

There being no amendments to the agenda, the agenda was approved unanimously.

2. Burlington Telecom Budget:

Gary Evans addressed the Board presenting the 2011-2012 requested budget for Burlington Telecom outlining the mission of the organization for the upcoming year as being focused on marketing, customer service and customer relations. He indicated there would also be a focus on training, which would allow for employees to cross over into other areas of responsibilities rather than having specialists. Mr. Evans also indicated there would be a focus on the execution of a detailed marketing plan designed to increase the organization's exposure and presence with little capital outlay.

In response to inquiry, Mr. Evans stated it would be the mission of the organization to respond to trouble calls on the same day they are received, schedule installations within one day of contract and follow up with new customers within three days of contract and install. Mr. Barraclough provided the Board with an overview of the financial plan for the organization and a summary of the current fiscal year activities. As for the current fiscal year, he explained that while sales have only increased by \$100,000 over the last fiscal year, far below that expected, both operating expenses and capital expenses have been decreased significantly creating a net operating surplus of approximately \$650,000, pre-debt service. As for the department's requested budget, they are estimating a slight increase in sales, they continue to propose a reduction in operational costs despite two proposed new positions in sales: a marketing manager and graphic designer. He estimated that, if things occur as they envision, the net operating surplus could reach as high as \$1.4 million, pre-debt service.

3. General Fund Capital Improvements:

CAO Leopold stated that the General Fund has three programs: street repaving, general capital and Pennies for Parks. We will be presenting the first two programs tonight with the Pennies for Parks program to be presented within the next two weeks. This is being held pending a determination of flood damage and possible Federal reimbursement for capital repairs due to the flood. Ms. Weston provided an overview of the projects proposed for the upcoming capital year as well as the five year capital plan: focusing on energy efficiency projects and code and safety issues. The plan does not reflect funding for the Waterfront North project being undertaken by CEDO. CAO Leopold recommended that, given the uncertainty caused by the flooding, the majority of funds for general capital and Pennies for Parks be reserved and re-examined in late summer or early fall.

Steve Goodkind presented the Board with the proposed street paving capital program for the upcoming fiscal year and estimated for the next five years. CAO Leopold indicated that this is the last year to utilize bond proceeds for street paving. There will be some question as it relates to carry over work from the current fiscal year, but this would be worked out based upon how much work is done this year. In 2013, the City will then revert to a smaller program utilizing the dedicated tax and excavation permit fees. CAO Leopold recommended that the Department of Public Works present the results of the program to the City Council to show the success of the program and show the public the results of the dedicated tax.

4. Retirement:

CAO Leopold provided the Board with the City's retirement plan, calculations and budget for the upcoming fiscal year. He explained the budget doesn't balance due to the nature of the fund, as it takes into account the fund's change in value year to year reflecting income and losses. He further explained the system is funded in the upcoming year by employee class, taking into account the Annual Required Contribution (ARC) as a current case scenario since the impact of the collective bargaining has not been factored in the calculations.

CAO Leopold also provided the Board with an overview of the tax implications on the tax rate designated for the retirement program, which is estimated to be an increase of between 1 cent and 1.76 cents. He stated he is considering having the actuarial consultant prepare a new calculation based upon collective bargaining but will advise in the near future. CAO Leopold stated there is an offsetting reduction in the overall tax rate in the debt service repayment dedicated tax of approximately one cent.

In response to inquiry, Marina Collins explained that the education expense noted in the budget is primarily designed to be used by Board members. Councilor Paul suggested that the attorney fees and education lines be reduced. CAO Leopold stated that the City Attorney's Office is looking to build a method of charging back their time to revenue generating departments or independent funds but would agree that there are line items that could be looked at.

Councilor Paul moved, seconded by Councilor Wright, to adjourn. The meeting was adjourned at 7:52 p.m.